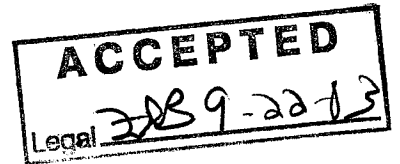


POSTED
9/22/03



BEFORE THE
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION

2003-277-S

In Re:)
)
Application of J.C. Cox Utilities, Inc.)
For Approval Of New Schedule Of)
Rates And Charges For Sewerage)
Service Provided To Its Customers)
In Anderson County, South Carolina)

APPLICATION FOR
RATE INCREASE

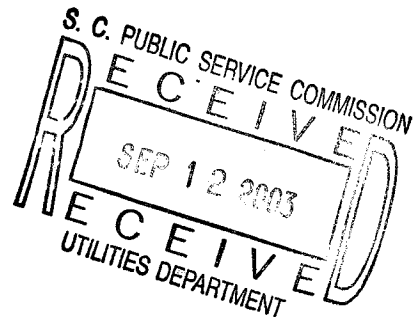
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PUBLIC SERVICE
COMMISSION
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J.C. Cox Utilities, Inc. ("Cox") hereby applies to the South Carolina Public Service Commission ("Commission") for approval of an increase in its existing rates and charges pursuant to South Carolina Public Service Commission's Rules and Regulations and S.C. Code Ann. §58-5-240 (Law. Co-op. Supp. 1995). In support of its application, J.C. Cox Utilities, Inc. provides the following information:

1. Cox is a corporation organized and existing under the laws of the State of South Carolina and is a public utility within the meaning of S.C. Code Ann. §58-5-10(3) (Law. Co-op. 1976). The legal name and principal office or place of business of the Applicant is J.C. Cox Utilities, Inc., 35 Lester Road, Williamston, South Carolina 29072.

2. Correspondence or communications regarding this application should be addressed to:

Scott Elliott, Esquire
Charles H. Cook, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC 29205
(803) 771-0555



3. The contact person regarding ongoing operations of the Applicant is:

Robert J. Ellison
J.C. Cox Utilities, Inc.
35 Lester Road
Williamston, SC 29072

4. This application is for the approval of new schedules of rates and charges for sewerage service provided to Cox's residential customers in all areas served in Forest Hills Subdivision, a residential community of approximately one-hundred (100) lots, thirty-three (33) of which have existing homes located near, but outside of the town limits of Williamston, South Carolina. Current service area maps are on file with the Commission.

5. As of December 31, 2002, Cox was providing sewerage service to thirty-three (33) residential customers under schedule of rates approved by the Commission in Order Number 87-421, Docket Number 85-448-5, dated April 17, 1987 (a copy of the present schedule is attached hereto and incorporated herein by reference as Exhibit 1).

6. Due to increased operating expenses, capital improvements and requirements of environmental improvements to the existing plant, Cox must increase its rates and charges, and respectfully submits, pursuant to S.C. Code Ann. §58-5-240 (Law. Co-op. Supp. 1994), (see the attached new schedules, designated as Exhibit 2 and incorporated herein by reference).

7. The increased operating expenses referred to in paragraph 6 are in part the result of the requirement of the South Carolina Department of Health and Environmental Control ("DHEC") mandated in its consent order that Cox eliminate the treatment facility for the Forest Hills Subdivision and either (1) construct a new wastewater treatment facility or (2) connect its sanitary sewer lines to the wastewater treatment facility of the town of Williamston, South Carolina ("Williamston"). Both alternatives are costly. Based on the cost estimated by DHEC officials, closing the existing lagoon and building a new treatment plant is prohibitively

expensive (see Exhibit 8). Assuming the DHEC estimate of cost for construction of a new facility are correct, the rates sufficient to offset these costs would increase substantially from \$14.85 to \$224.04 each month for Cox's current customers (see Exhibit 8). To comply with the DHEC mandate by connecting its sanitary sewer lines to the Williamston's wastewater treatment facility, Cox must install a lift station and force main to connect to the existing Williamston's wastewater treatment facility. At a cost in excess of \$50,000.00, Cox has obtained the necessary preliminary engineering reports to construct the lift station. The engineering report reflects that it would cost approximately \$110,000.00 to build the lift station and the force main to connect to the Williamston's wastewater treatment facility. Moreover, Anderson County owns capacity in the Williamston's wastewater treatment facility and has agreed to sell Cox sufficient capacity to treat the affluent of its customers in the Forest Hills Subdivision. In its continuing efforts to comply with the DHEC mandate, Cox has repeatedly requested Williamston to permit it to construct the necessary improvements to connect to Williamston's wastewater treatment facility. Williamston has to date refused the request of Cox to connect to Williamston's wastewater treatment facility in spite of not only Cox's requests that it do so, but also requests by DHEC and the South Carolina Public Service Commission staff. Should Williamston now permit Cox to connect to the Williamston wastewater treatment facility, a rate increase to \$82.82 per month per customer will cover in part the expense to Cox in providing this service to its customers. Should Williamston maintain its refusal to permit Cox to connect to its wastewater treatment facilities, the rate of \$82.82 per month will not completely cover monthly expenses and therefore, Cox will continue to suffer a monthly shortfall. However, this increase to \$82.82 per month is nevertheless fully required.

8. The new schedule, if approved, would produce additional operating revenues of \$26,256.00 based on the twelve-month period ending December 31, 2002. Notice of Cox's intention to file the new schedule was given more than thirty (30) days ago. Cox is informed and believes that the schedule is just, lawful and reasonable, and intends to put the new schedule into operation for service rendered on or after the expiration of the time prescribed in subsection (C) or subsection (D), whichever is applicable, of S.C. Code Ann. §58-5-240 (Law. Co-op. Supp. 1995), unless otherwise ordered by the Commission beforehand.

9. Attached hereto and incorporated by reference are Exhibits 3-9 inclusive, based on the proposed twelve-month test year ending December 31, 2002, and Exhibits 10-12 as required by the Commission's Rules, Regulations and Directives and listed below:

- | | |
|--------------------------|---|
| Exhibit 3
(A & B) | Most current available income and expense statement for preceeding twelve months. |
| Exhibit 4 | Pro forma income and expense statement using proposed rates applied to proposed test year. |
| Exhibit 5 | Balance sheet. |
| Exhibit 6
(A & B) | Depreciation schedule by categories of plant or average service lives. |
| Exhibit 7 | Number of customers as of December 31, 2002, and expected in the following twelve months. |
| Exhibit 8
(A, B, & C) | Cost justification for proposed rates and charges. |
| Exhibit 9 | Statement of plant investment by categories. |
| Exhibit 10 | Recent letters of approval or satisfactory reports from the Department of Health and Environmental Control constituting DHEC's most recent approval to operate. *Note: Cox is requesting a waiver of this requirement with respect to its operations. See paragraph 10 below. |

Copy of engineering plans and specifications designed or certified to be in accordance with good engineering practices by a professional engineer in South Carolina. *Note: Cox is requesting a waiver of this requirement with respect to its operations. See paragraph 11 below.

Construction permit from DHEC approving the engineering plans and specifications. *Note: Cox is requesting a waiver of this requirement with respect to its operations. See paragraph 11 below.

Exhibit 11 Performance bond on file (new bond to be filed prior to hearing).

Exhibit 12 Customer bill form (to be furnished prior to hearing).

10. Cox hereby requests that the Commission waive the requirement that it submit letters of approval with respect to its waste treatment facility at the Forest Hills Subdivision. Cox will show prior to or at the time of the appointed hearing for this application that appropriate efforts to meet DHEC requirements with respect to its facility are satisfactory to DHEC. Cox will file additional information concerning the Forest Hills permit prior to or at the time of the hearing scheduled by the Commission in regard to this application.

ESTAB. 11. Cox further requests a waiver as of this filing as to a copy of engineering plans and specification designed or certified to be in accord with good engineering practices by a professional engineer registered in South Carolina; and a construction permit from DHEC approving the engineering plans and specifications. Cox will provide for the Commission, prior to or at the appointed hearing, sufficient documentation to support all matters waived at the time of this filing.

ESTAB. 12. A copy of the Articles of Incorporation for Cox is currently on file with the Commission.

WHEREFORE, J.C. Cox Utilities, Inc. requests that the South Carolina Public Service Commission approve the new rates and charges as proposed herein and set forth in the attached schedule.

Respectfully submitted,

ELLIOTT & ELLIOTT, P.A.

By 

Scott Elliott, Esquire
Charles H. Cook, Esquire
721 Olive Street
Columbia, SC 29205

Attorneys for J.C. Cox Utilities, Inc.

Columbia, South Carolina
September 11, 2003

EXHIBIT 1

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 85-448-S - ORDER NO. 87-421

April 17, 1987

IN RE: Application of J. C. Cox Utilities, Inc.)
for approval to operate a sewer system) ORDER
and for approval of a schedule of rates) APPROVING
and charges for residential customers in) RATES AND
Forest Hills Subdivision, Williamston) CHARGES
Township, Anderson County, South Carolina.)

J. C. Cox Utilities, Inc. (the Applicant) filed an Application with the Public Service Commission of South Carolina (the Commission) on October 13, 1986, seeking approval to operate a sewer system and approval of a new schedule of rates and charges for residential customers in Forest Hills Subdivision, Williamston Township, Anderson County, South Carolina.

A public hearing was held pursuant to S. C. Code Ann., Section 58-3-95 (Cum. Supp. 1985) in the Offices of the Commission on April 13, 1987 at 2:30 P.M., the Honorable Cecil A. Bowers presiding. The hearing panel consisted of Chairman Bowers, Commissioners Butler and Maass. Appearances were entered by Harold Threlkeld, Esquire on behalf of the Applicant and Sarena D. Burch, Staff Counsel, on behalf of the Commission

Staff. No one appeared in opposition to the Application.

Mr. J. C. Cox, Jr., testifying on behalf of the Applicant, stated that the Applicant had initially requested a monthly rate of \$36.36 but was presently requesting a monthly rate based on the taking into consideration of all of the 81 lots in the subdivision instead of only the 33 lots that are actually using the sewer treatment system. Rounded this comes to a monthly rate of \$14.85.

The Commission is of the opinion, and so finds, based on the record of this proceeding, that the rates and charges requested by the Applicant, and shown in Appendix A of this Order, are fair and reasonable and should be granted.

Further, the Commission is of the opinion and so finds that the Applicant is fit, willing and able to provide the proposed sewer service.

IT IS THEREFORE ORDERED:

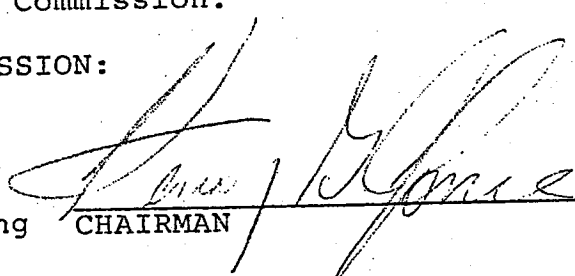
1. That the schedule of rates and charges for J. C. Cox Utilities, Inc., as set forth in Appendix A attached to this Order and approved herein, may be charged for service rendered on and after the date of this Order.

2. That J. C. Cox Utilities, Inc. is granted a Certificate of Public Convenience and Necessity to operate as a sewer utility in Forest Hills Subdivision, Williamston Township, Anderson County, South Carolina.

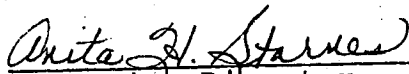
3. That J. C. Cox Utilities, Inc. shall maintain its books and records for its sewer operations in accordance with the NARUC Uniform System of Accounts for Class C Sewer Utilities.

4. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Acting  CHAIRMAN

ATTEST:


Executive Director

Acting

(SEAL)

J. C. COX UTILITIES, INC.

DOCKET NO. 85-448-S - ORDER NO. 87-421

APRIL 17, 1987

APPENDIX A

SEWERAGE SERVICE

Monthly Service Charge per Lot - \$ 14.85

EXHIBIT 2

J.C. Cox Utilities, Inc.
Present rate versus new rate

Exhibit 2

Present Rate - $\$14.85 \text{ per month} \times 33 \text{ customers} = \$5,881.00$

New Rate - $\$82.82 \text{ per month} \times 33 \text{ customers} = \$32,797.00$

EXHIBIT 3(a)

JC COX UTILITIES
57-0863136
33 LESTER RD
WILLIAMSTON, SC 29697

STATEMENT OF INCOME & EXPENSES (JAN - DEC 2002)

INCOME:

GROSS RECEIPTS FOR SERVICES **\$ 6,541**

EXPENSES:

TAXES	\$ 502
INTEREST EXPENSE	657
DEPRECIATION EXPENSE	5,132
LEGAL & PROF EXPENSE	125
OUTSIDE SERVICES	12,992
SUPPLIES	5,958
OFFICE EXPENSE	289
MISC EXPENSE	25

TOTAL EXPENSES **\$ 25,680**

NET LOSS **\$ (19,139)**

C. R. Waters
C. R. WATERS CPA
32 Austin Street
Williamston, S.C. 29697

EXHIBIT 22

EXPIRED
BONDS

JC COX UTILITIES
 57-0863136
 33 LESTER RD
 WILLIAMSTON, SC 29697

	2001	2000	1999	1998	1997	TOTAL
Gross Receipts from Customers	4,648	4,277	4,574	5,167	2,838	21,504
Expenses:						
Interest		1,843	1,596		637	4,076
Taxes & License	425	975	110	1,131		2,641
Depreciation	5,132	7,331	12,220	10,815	3,178	28,676
Utilities		1,826	1,918	1,721	945	6,410
Legal & Accounting	442	370		625	625	2,062
Postage				40	40	80
Supplies	2,957	5,153		3,746	2,056	13,912
Operators Fees				2,869	1,575	4,444
Testing				800	440	1,240
License				25	25	50
Engineering Fees				2,624	5,568	8,192
Outside Services	8,714	6,461	4,914			20,089
Total Expenses	17,670	23,959	20,758	24,396	15,089	101,872
NET OPERATING LOSS	(13,022)	(19,682)	(16,184)	(19,229)	(12,251)	(80,368)

NOTE: All figures in dollars (\$)

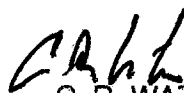

 C. R. WATERS CPA
 32 Austin Street
 Williamston, S.C. 29697

EXHIBIT 4

J.C. Cox Utilities, Inc.
Pro Forma Income and Expense Statement

Exhibit 4
Twelve Months Ending December 31, 2002

	PER BOOKS	ADJUSTMENT	EFFECT OF ADJ	AFTER INC
Sewer Service	\$6,541	\$32,797	+\$26,256	\$32,797 (1)
TOTAL REVENUE	6,541	32,797	+26,256	32,797
OPERATING EXPENSES				
Plant Maintenance	\$12,992	\$8,280	+\$8,280	\$21,272
Chemicals & Supplies	5,958	310	+310	6,268
Interest S/T Debt	657	1,200	+1,200	1,857
Office Supplies	289	150	+150	439
Legal & Professional	125	116,507	+116,507	116,632 (2)
Misc Expenses	25			25
Depreciation	5,132	5,500	+5,500	10,632
Property Taxes	502	449	+449	951
TOTAL EXPENSES	\$25,680	\$132,396	\$132,396	\$158,076
OPERATING INCOME				
(LOSS)	\$(19,139)	\$(99,599)	\$(106,140)	\$(125,279)

Footnote (1): Present receipts for 2002 totaled \$6,541 yearly revenue including delinquent charges. New rate \$82.82 per month x 33 customers = \$32,797 yearly revenue.

Footnote (2): Rate increase expense covers \$99,507 for debts expense incurred for Engineering reports. \$17,000 for Legal & Accounting Fees. Amounts to be amortized over 3-year period.

EXHIBIT 5

JC COX UTILITIES
57-0863136
33 LESTER RD
WILLIAMSTON, SC 29697

BALANCE SHEET
AS OF DECEMBER 31, 2002

ASSETS:

CASH ON HAND	\$	0
DEPRECIABLE PROPERTY (LINES & LAGOON)	\$	122,938
LESS: ACCUM DEPR		(33,808)
NET		89,130
TOTAL ASSETS	\$	89,130

LIABILITIES & STOCKHOLDER'S EQUITY:

LOANS & NOTES PAYABLE	\$	99,507
CAPITAL STOCK		1,000
RETAINED EARNINGS		(11,377)
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$	89,130

C. R. Waters
C. R. WATERS CPA
32 Austin Street
Williamston, S.C. 29697

EXHIBIT 6(a)

JC COX UTILITIES
57-0863136
33 LESTER RD
WILLIAMSTON, SC 29697

DEPRECIATION SCHEDULE

YEAR	SERVICE LINES & LAGOON NET VALUE	DEPR EXPENSE
1997	\$ 11,556	\$ 3,178
1998	50,894	10,815
1999	95,320	12,220
2000	149,596	7,331
2001	122,938	5,132
2002	122,938	5,132

CR Waters
C. R. WATERS CPA
32 Austin Street
Williamston, S.C. 29697

EXHIBIT 6(b)

Asset Life History

Yearly Allowable Depreciation

2002

Name as Shown on Return
J.C. COX UTILITIES INC.

Employer Identification No.
57-0863136

Description: LIFT STATION

Depreciation type: MACRS

Asset class: 15

Cost or

basis: 110,000.

Depreciable basis: 110,000.

Method: 150DB

Life: 15.00

AMT cost

AMT

AMT

AMT

or basis: 110,000.

depreciable basis: 110,000.

method: 150DB

life: 15.00

Tax Year	Prior Deprecn	Current Dedn	AMT Prior	AMT Deduction
1 2002	0.	5,500.	0.	5,500.
2 2003	5,500.	10,450.	5,400.	10,450.
3 2004	15,950.	9,405.	15,950.	9,405.
4 2005	25,355.	8,465.	25,355.	8,465.
5 2006	33,820.	7,618.	33,820.	7,618.
6 2007	41,438.	6,856.	41,438.	6,856.
7 2008	48,294.	6,495.	48,294.	6,495.
8 2009	54,789.	6,495.	54,789.	6,495.
9 2010	61,284.	6,495.	61,284.	6,495.
10 2011	67,779.	6,496.	67,779.	6,496.
11 2012	74,275.	6,495.	74,275.	6,495.
12 2013	80,770.	6,496.	80,770.	6,496.
13 2014	87,266.	6,495.	87,266.	6,495.
14 2015	93,761.	6,496.	93,761.	6,496.
15 2016	100,257.	6,495.	100,257.	6,495.
16 2017	106,752.	3,248.	106,752.	3,248.
17				
18				
19				
20				
21				
22				
23				
24				
25	Additional Depreciation for Cost of Life Station			
26				
27				
28				
29				
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31				
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39				
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44				
45				

EXHIBIT 7

J.C. Cox Utilities, Inc.

Exhibit 7

33 Customers

EXHIBIT 8(a)

J. C. Cox Utilities Inc. R. Jeff Ellison

35 Lester Road ~ Williamston SC 29697
Phone 864-847-1234 ~ Fax 864-847-6257 ~ Email Mobile 864-505-5953
RATES FOR SEWER SERVICE

Rates For Sewer Service

Lift Station Vs Upgrade To WWTP

Cost Of Lift Station	\$110,000.00
Loan amount needed to replace lagoon / add lift station /Payment Of \$1200.00 divided by 33 (36.36) M	
O & M Costs	\$ 1,000.00
Operation and Maintenance for lift station monthly	
Administration Fees	\$ 500.00
Liability Insurance/ Postage/Labor/ Misc.Charges/Programming	
Rate Charge For Lift Station	\$ 82.82 Monthly

Costs for WWTP Upgrade

Upgrade Costs	\$ 500,000.00
Costs will include closing lagoon out/ upgrading to wwtp for only 33 customers labor/equipment charges/permits/engineers/materials needed for wwtp/ pipe/special operations to operate plant/other charges to confer with all state/county/city codes.	
Administration Fees	\$ 1,000.00
office costs to administrate plant documents/supplies	
Plant Operations	\$ 2,000.00
which includes general plant operations/testing/engineers Level C	
Liability Insurance On WWTP	\$ 1,923.00
liability insurance needed for accident/plantarea/protects business	
Estimated Rate For WWTP Upgrade	\$ 223.04 A Month

EXHIBIT 8(b)

November 12, 2002

Cost Summary

Anderson County Charges To Use Capacity

Transportation Charge is allocated as :

.21 1/2 cents per 1000 gallons
which 19,200 gallons are to be billed as monthly or yearly
a flat rate (4,000.00 to 4,082.00) divide by 12 to get monthly
amount (333.33 -340.17) then divide by 33 customers and the
transportation charge is (10.10) per month.

Treatment Charge is allocated as :

The town of Williamston will
charge the flat amount of 700.00 for the rate being \$ 1.17 per
1000 gallons based upon 20,000 gallons. Then divide 700.00
by 33 customers the treatment charge per month is (21.21).

* By J. C. Cox Utilities Inc./Billing customers @ Forest Hills
we will based upon the numbers above be charging through
a bulk charge which is billed equally between all customers
at Forest Hills because we do not have the water or a individual
meters to know how much is being used to bill according to use.
Also the rates are based upon the permitted amount of 19,200
gallons through DHEC.

EXHIBIT 8(c)

Collection Charge :

Administration Fees to operate the business , insurance , labor costs , equipment , lift station charges for loan , O & M costs , Wages , postage and other misc. expenses that may occur.

which the rate will be for Collection charge : \$ 51.51
which will be \$ 15.15 for business / and repayment of Lift station on a 10 year note @ 6 1/2 interest will be \$ 36.36 per customer.

\$ 15.15 Business Operations

\$ 36.36 Lift Station Costs (monthly divided by 33)

\$ 51.51 total collection charge

Please Understand that the rates listed above have been provided with substantial information and may change with documentation of facts that will levy on certain conditions to all related costs for lift station or wwtp upgrade.

EXHIBIT 9

J.C. Cox Utilities, Inc.

Exhibit 9

Statement of plant investment by categories (see Exhibit 6(a) above)

EXHIBIT 10

J.C. Cox Utilities, Inc.

Exhibit 10

(Waivers requested) See notes in application and paragraphs 10 and 11.